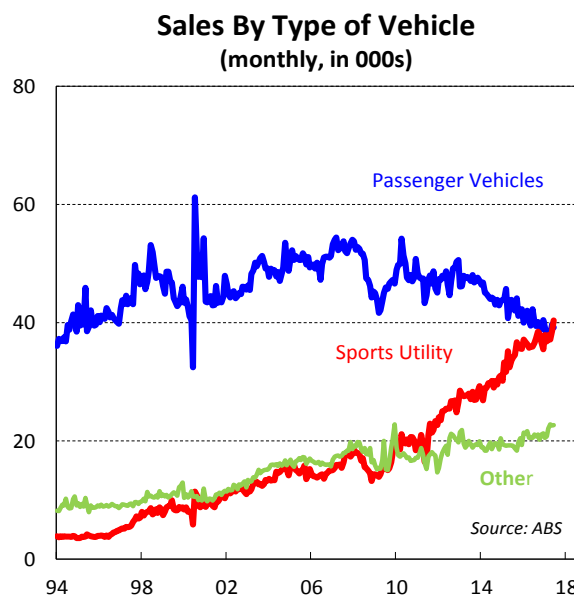
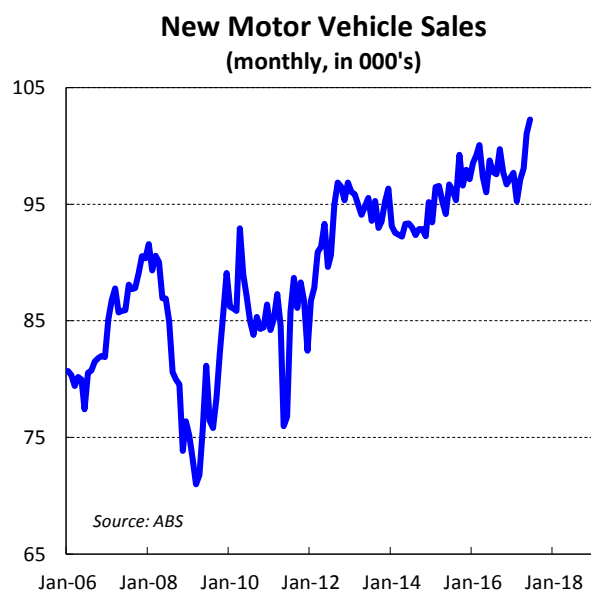


New Motor Vehicle Sales Promising Signal for Spending?

- New motor vehicle sales rose by 1.2% in June. It was the fourth consecutive monthly increase and took sales up to a record high of 102,275 in June.
- Despite the pickup in the month, the annual rate fell to 3.6% in June, from a revised 5.3% in May.
- Sales of sports utility vehicles (SUVs) had a solid increase for the second consecutive month, rising by 4.4% in June, following a 4.2% increase in May. Sales of 'other' vehicles partially rebounded, increasing 0.3% in June, after falling 0.7% in April.
- Sales of passenger vehicles slowed in June, with a decline of 1.4%. This however, followed an average monthly gain of 1.9% in the previous three months.
- Today's data was an encouraging sign for consumer spending although it runs counter to disappointing consumer confidence and soft wage growth. New car sales have grown at a solid pace in recent months, setting consecutive record highs in both May and June.



New motor vehicle sales rose by 1.2% in June. It was the fourth consecutive monthly increase of at least 1.0%, the first time this has occurred since December 2009, and took sales up to a new record high of 102,275 in June.

Despite the pickup in the month, the annual rate fell to 3.6% in June, from a revised 5.3% in May.

There was some encouraging detail in the breakdown of today's data. Sales of sports utility

vehicles (SUVs) had a solid increase for the second consecutive month, rising by 4.4% in June, following a 4.2% increase in May. Sales of 'other' vehicles partially rebounded, increasing 0.3% in June, after falling 0.7% in May. Sales of passenger vehicles slowed in June, with a decline of 1.4%. This however, followed an average monthly gain of 1.9% in the previous three months.

On an annual basis, sales of passenger vehicles fell 7.4%, while SUV sales rose by 12.3% and 'other' vehicle sales jumped 10.7% in the year to June.

By State

Sales increased in five out of the eight states and territories in June, following a sales increase in all states and territories in May. The lift in sales in June was strongest in the Northern Territory (7.0%), followed by the ACT (6.0%), Queensland (3.1%), Victoria (2.6%) and South Australia (1.0%). The largest decrease in sales was Western Australia (-4.0%) followed by Tasmania (-0.4%) and NSW (-0.1%).

On an annual basis, there was growth in the Northern Territory (8.7%), Victoria (7.4%), South Australia (5.8%), Queensland (3.8%), Tasmania (3.7%) and NSW (2.7%). In Western Australia, new motor vehicle sales declined 6.8% in the year to June, marking 10 months of decline out of the past 11 months. The annual pace was also in contraction in the ACT (-3.2%).

Implications and Outlook

Today's data was an encouraging sign for consumer spending for the June quarter, along with a recent pickup in retail spending. New car sales have grown at a solid pace in recent months, setting consecutive record highs in both May and June. However, persistently low consumer confidence readings, slow wage growth and high household debt levels continue to weigh on the outlook for consumer spending. The upward trend in sales of 'other' vehicles remains solid and is an encouraging sign of improving business activity within the economy.

Janu Chan, Senior Economist
Ph: (02) 8253 0898
&
Christos Varnavides, Graduate
Ph: (02) 8253 7528

Contact Listing

Chief Economist

Besa Deda
dedab@stgeorge.com.au
(02) 8254 3251

Senior Economist

Josephine Horton
hortonj@stgeorge.com.au
(02) 8253 6696

Senior Economist

Janu Chan
chanj@stgeorge.com.au
(02) 8253 0898

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